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## County Agent's Notes: More on the New Farm Bill - October 6, 2002

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Field Notes:

October 6, 2002

More on the New Farm Bill....

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Before being reassigned to work with agronomic crops in the seven-county area, I had studied the new farm bill with interest, weighing the advantages and disadvantages of the House and Senate versions of the proposed bill. At the time, I was responsible for general type work which included things like the farm bill, however when the new assignment became a reality I thought that I would be more focused in things like soils, fertilizers, weed control, and all the other things directly connected with producing crops. I really thought that I would not be dealing with things like the farm bill and marketing – wrong. I now find that one of my most immediate tasks will be to help people understand the new farm bill well enough to make good decisions on updating bases and yields. The first thing however, is to better understand it myself.

The Department of Agricultural Economics at Mississippi State has developed a neat little computerized program to help farmers and landowners make the decision on updating. Agents like myself are being trained to use this program, but operating the program is really not the most difficult thing; it's getting the required information and data needed to run the program. In reality, a farmer can run the program as well as I can by just plugging in the required information. The program will then produce estimates of the USDA payments for all the possible scenarios that may be chosen.

The new farm bill offers five different options for updating bases and yields. These are simply referred to as "Options 1,2,3,4,and 5. Within Option 4, there are three selections that can be made that can change the USDA payments; these are referred to as "4a, 4b, and 4c". If this sounds complicated to you, it's because it is complicated. However, the Ag. Econ program simplifies the red tape very well, presenting to you estimates of what the payments will be for each of these separate scenarios. The thing you have to do is to provide the program with accurate data for acres planted in program crops for 1998 through 2001, and the acreages planted in 2002.

The big change in bases is that soybeans have been added as a full-fledged program crop. Under previous farm bills, soybeans have been eligible for loan benefits, however they were not a "base" crop like corn or cotton. Now, soybeans are a base acreage crop. Much of the work done by the Ag. Econ. computer program is for the purpose of deciding how to include soybeans in the whole farm plan.

Since a crop like cotton carries a higher payment per acre than soybeans, most people will elect to maximize cotton base acreage. Corn also carries a fairly good payment per acre, so maximizing the base acreage of this crop will likely be preferred over soybeans. The average planted soybean acres from 1998 through 2001 will be eligible for becoming soybean base acres,

however no more than the total of the averages of all the program crops can be classified as base acres, so the landowner will likely choose to maximize the bases of the higher payment crops and allow the balance to be the soybean base. A farm can actually have more base acres than land acres if some of the land has been double-cropped as with soybeans following wheat.

If all this has started you thinking about what you should do about bases and yields, then I have achieved my goal. Get your data together and get it plugged into the program as soon as you can so that you can actually see what the differences in the selections may be. Those who do not make a selection during the allowed period from November until next April will be given Option 1. This means that your bases will be the averages of the program crop acreages from 1998 through 2001 plus your average soybean acreage during that time. For many, this may be the best choice, but for others it may not be.

My advice is to avoid being hasty about making the final selection. Allow time for all the facts to show themselves. Delaying the selection will of course delay the advance payment, but at least give yourself time to thoroughly study this thing or to follow those who do study it well. You can access the program at: **[AgEcon.msstate.edu/FarmPolicy/decision.php](http://AgEcon.msstate.edu/FarmPolicy/decision.php)**. We will be having local type meetings to help you as the time draws near. In the meantime, let me know if you need help with this.